



## COUNTY OF SAN LUIS OBISPO

### Office of the Auditor-Controller

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TO: IAN PARKINSON, SHERIFF-CORONER

FROM: JAMES P. ERB, AUDITOR-CONTROLLER

DATE: APRIL 22, 2013

SUBJECT: REVIEW OF THE COUNTY OF SAN LUIS OBISPO INMATE CASH DEPOSIT AND  
INMATE WELFARE TRUST FUNDS

Our office completed a financial review and follow-up of the County of San Luis Obispo Inmate Cash Deposit and Inmate Welfare Trust Funds for the fiscal year ended June 30, 2011.

#### Purpose

The purpose of our audit was to determine the accuracy of the Inmate Welfare Fund (IWF) Statement of Operations and to determine if transactions supporting the amounts reported in the Statement of Operations were appropriately recorded and authorized.

Another objective of our audit was to determine if the department had accountability for the funds' cash, if deposits were timely and intact, if the department was in compliance with the Auditor-Controller's Cash Handling Policy; and if internal controls were adequate.

#### Scope

The scope of our audit was the FY 2010-2011 Inmate Welfare Fund Statement of Operations, and the supporting transactions during FY 2010-2011 for both the Inmate Welfare Fund and the Inmate Cash Deposit Trust Fund. We conducted an unannounced cash count on March 6, 2012.

#### Results

We determined all cash funds and cash receipts on hand, in all material respects, to be in balance at the time of our count and that the internal controls for the Inmate Cash Deposit Trust Fund were in general compliance.

We determined the Inmate Welfare Fund Statement of Operations to be accurate in all material respects with the exception of the expenditure for inmate exit medications. We also determined that the internal controls over the Inmate Welfare Fund were not in general compliance. These items are discussed in the Findings & Recommendations section of this report.

## Finding & Recommendation

We found internal control weaknesses regarding the review, approval, and payment processes for the inmate exit medications and student vocational skills training, the two largest categories of expenditures in the IWF. Reviews to ensure invoices were approved, accurate and that items were received were not consistently performed. Due to the uncertainty regarding the accuracy of the invoices and the receipt of goods we were unable to determine if the expenditure line item for exit medications in the Statement of Operations is accurate. Management of trust funds requires the implementation of and adherence to adequate internal controls, such as proper authorization and review of expenditures, to ensure funds are safeguarded and expenditures are for authorized purposes.

### *Inmate Exit Medications*

The San Luis Obispo County Sheriff's department provides limited doses of prescription exit medications to inmates upon their release. The medication is appropriately paid for through the Inmate Welfare Fund. The cost of medications increased 103% from \$22,671 in fiscal year 2009-2010 to \$44,583 in 2010-2011. Staff was unable to provide a supported explanation for the increase in costs. Of the 13 invoices sampled 77% or 10 invoices did not have appropriate program staff review and authorization. We also discovered one instance where the IWF was mistakenly billed \$933 for a prescription for a former inmate, and the mistake had not been corrected by the time of our audit.

### *Student Vocational Skills Training*

The San Luis Obispo County Sheriff's department provides inmates with Student Vocational Skills Training options appropriately funded through the Inmate Trust Fund. Training classes are provided by Cuesta College. The invoices for Student Vocational Skills Training did not agree to the time cards submitted by Cuesta staff. Of the 13 invoices sampled 69% or 9 invoices did not have appropriate program staff review and authorization.

## **Recommendation**

Management and staff at the Sheriff's Office must make the following improvements to the internal controls over the Inmate Welfare Fund:

- Ensure expenditure increases over the prior year at the account and/or vendor level are understood and adequately explained.
- Ensure invoices are reviewed for accuracy, including receipt of items, and approved by those with authority prior to payment.
- Ensure invoices are authorized for payment by individuals with adequate knowledge of the products and services requested and the appropriate funding source.

## **Follow-Up Results**

Sheriff-Coroner staff have established a process to ensure expenditure increases over the prior year are reviewed, understood and adequately explained. Additionally, staff have established procedures to ensure invoices are reviewed for accuracy and approved by those in authority prior to payment, and are authorized for payment by individuals with adequate knowledge of the products and services requested and the appropriate funding source.

We would like to thank the Sheriff-Coroner's Office management and staff for their cooperation during our review.